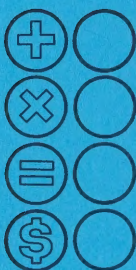


Feb

ALL CANADIAN FUNDS

11th Annual Report 1964



MANAGER

CAPITAL MANAGEMENT LTD.,
41st Floor, 1 Place Ville Marie, Montreal 2, P.Q.

DIRECTORS

W. J. BORRIE, *Chairman*
ROGER LETOURNEAU
P. N. THOMSON
IRA VAN VOGT
WILLIAM E. THOMSON
W. H. WERT
ARTHUR PHILLIPS
NEIL B. IVORY
MAURICE F. STRONG
A. FRASER WRIGHT
H. A. HAMPSON

OFFICERS

W. J. BORRIE, *Chairman of the Board*
W. H. WERT, *Chairman of the Executive Committee*
**M. F. STRONG, *President*
*H. A. HAMPSON, *Executive Vice-President*
P. N. THOMSON, *Vice-President*
J. R. AIKMAN, *Vice-President*
P. A. MANSON, *Secretary*
*W. G. E. LANNAMAN, *Treasurer*

INVESTMENT COMMITTEE

*W. H. WERT, *Chairman*
*H. A. HAMPSON
*N. B. IVORY
J. R. AIKMAN
A. PHILLIPS
W. E. THOMSON

TRUSTEE

MONTREAL TRUST COMPANY,
466 Howe St., Vancouver 1, B.C.

*Effective January, 1965 **Effective April, 1965

ALL CANADIAN FUNDS

HIGHLIGHTS OF THE YEAR

	<u>Dec. 31, 1964</u>	<u>Dec. 31, 1963</u>	<u>Increase</u> <u>Amount</u>	<u>%</u>
Total Net Assets	\$67,267,718	\$44,977,577	\$22,290,141	49.6
Market Value of Investments	66,525,124	44,738,589	21,786,535	48.6
Cost of Investments	53,252,201	37,618,195	15,634,006	41.6
Unrealized profits	13,272,923	7,120,394	6,152,529	86.4
No. of Shareholders	35,671*	28,176	7,495	26.6

DIVIDEND FUND

No. of Shares	8,048,667	6,356,546	1,692,121	26.6
Asset Value per Share	\$8.35	\$7.08	\$1.27	17.9
Dividend per Share	26¢	25¢	.01¢	4.0

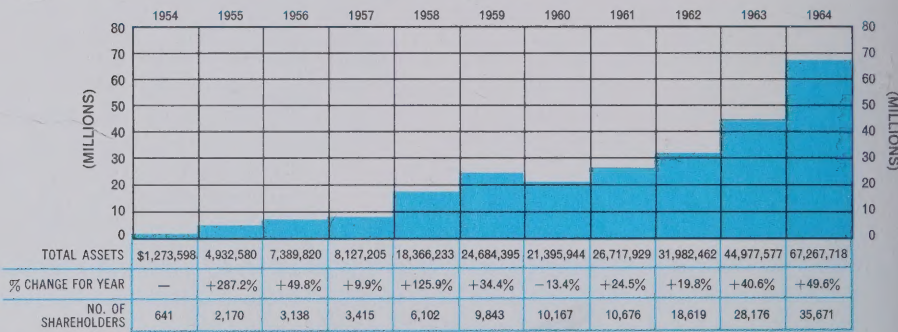
COMPOUND FUND

No. of Shares	9,187,526	6,822,749	2,364,777	34.6
Asset Value per Share	\$6.26	\$5.17	\$1.09	21.1
Reinvested per Share	18.7¢	17.5¢	1.2¢	7.2

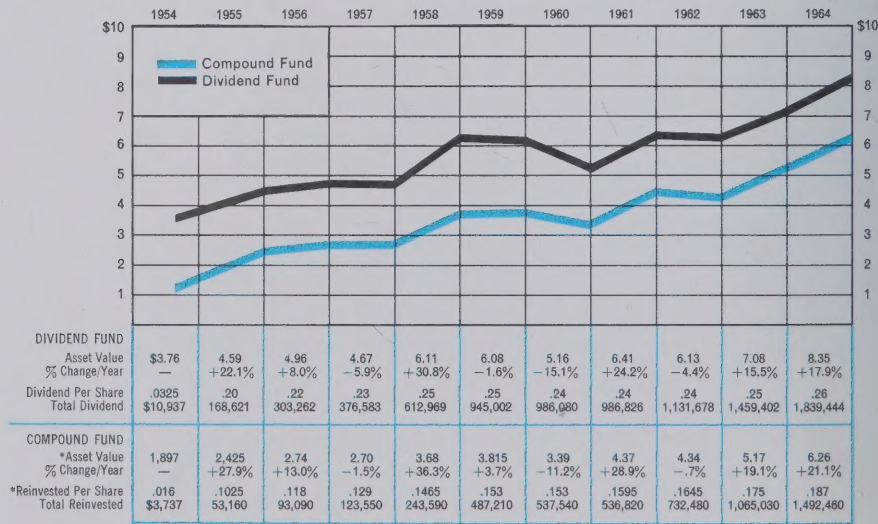
*Including some 27,000 Systematic Security Plan Owners whose shares in All-Canadian Funds are administered on their behalf by All-Canadian Group Distributors Limited.

THE ALL-CANADIAN STORY—10 YEARS OF GROWTH

TOTAL ASSETS AND NUMBER OF SHAREHOLDERS



ASSET VALUE PER SHARE AND DIVIDEND RECORD —1954-1964



*Values prior to December 31, 1962 adjusted for 2 for 1 Stock Split.

11th ANNUAL REPORT—1964

On November 1, 1964, All-Canadian Funds completed ten full years of operation. In this interval, your Funds have shared fully in the outstanding growth of the Canadian economy. From the end of 1954 to the end of 1964, the asset value of each share of All-Canadian Dividend Fund rose by no less than 222%, out-pacing by a wide margin the very substantial improvements that occurred at the same time in Canadian wealth, production and incomes. Our shareholders have thus been generously rewarded for helping to provide the growing total of investment funds needed by this country to expand its domestic output and its international trade. Indeed, the investment performance of All-Canadian Funds in this period has exceeded that of both the Canadian and United States stock market averages.

The increasing participation in the Canadian economy by investors in All-Canadian Funds is shown clearly on the upper graph on the page opposite. This shows that the combined assets of the Dividend and Compound Funds have increased from approximately \$1.3 million at the end of 1954 to over \$67 million by year-end 1964, while the number of shareholders has risen from 641 to 35,671.

The favourable experience of the individual shareholder is illustrated in the lower graph, which shows that the net asset value of each Dividend Fund share has increased from \$3.76 at the end of 1954 to \$8.35 by 1964, equal to an average compound rate of growth of 8.3% per annum. In addition, dividends per share rose from an annual rate of 19.5 cents per share to 26 cents per share, an average annual rate of growth of 2.9%. This growth in dividend income exceeded by a comfortable margin the average annual decline of 1.4% in the purchasing power of the dollar and thus enabled the holders of All-Canadian Dividend shares to increase their incomes in real terms.

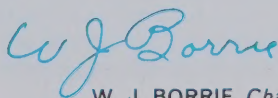
By re-investing his dividends in the Fund, the holder of All-Canadian Compound shares has experienced a rise in share value from the equivalent of \$1.90 at the end of 1954 to \$6.26 at the end of 1964, equal to an average compound rate of growth of 12.7% per annum. Put in another way, an investment of \$10,000 in the Compound Fund at the end of 1954 would be worth \$33,000 after ten years. Adjusting for the decline in the real value of the dollar, the \$10,000 investment made in 1954 would be worth \$28,800 in 1964 in terms of constant purchasing power.

Results in 1964 continued the trends of previous years and made an important contribution to the ten year record. Combined assets of the two Funds rose by \$22.3 million, or 49.6%, during the year. The increase reflected both a 17.9% gain in net asset value per share and an increase of 26.6% in the number of shareholders of the Funds. This record level of investor purchases of the Funds is evidence of the growing public recognition of the value of long-term savings programmes based on mutual funds, and in particular on All-Canadian Funds.

Dividends declared during the year were at the highest level since the inception of the Funds, both in total and on a per share basis.

A more detailed discussion of the operations of your Funds in 1964, and the audited financial statements for the year, will be found on the pages which follow.

On behalf of Capital Management Limited



W. J. BORRIE, *Chairman*

INVESTMENT MANAGEMENT

The Canadian economy moved ahead strongly in 1964, continuing a trend established early in 1961. Gross national product increased more than 8% over 1963 levels; unemployment reached a seven-year low of 4.7%; consumer spending rose 7%; and merchandise exports were 16% higher, leading to a favourable balance of international commodity trade exceeding \$700 million. One of the strongest segments of economy was capital spending for plant and equipment which rose 18% over the previous year. The sustained rise in economic activity has resulted in a considerable shrinkage in unused plant capacity, and towards the end of 1964 shortages of materials began to appear in certain major industries. Capital spending is therefore expected to increase substantially once again in 1965 and more intense upward pressure on prices may be experienced than in 1964 when consumer prices advanced 1.9% on average.

Stock markets in Canada and the U.S. appreciated significantly during the year with the Toronto Stock Exchange Index rising 20.9% and the Dow Jones Composite Stock Index increasing 14.2%. This compares with an advance of 17.9% in the asset value per share of the Dividend Fund. In the ten-year period ending last year, the per share value of the Fund increased by 222% compared to 207% for the Toronto Stock Exchange Index and 204% for the Dow Jones Stock Index. We believe this strong long-term investment performance by your Funds demonstrates the advantage to the investor of using our professional management.

Your Funds remained fully invested in common stocks during the first half of 1964, but as the stock market moved to higher levels later in the year a buying reserve was gradually accumulated. This buying reserve, which at the year end amounted to 20% of portfolio assets, was calculated to give the Funds an advantage during short-lived periods of market weakness such as occurred in November 1964. In addition to protecting the value of the Funds' shares in such minor market declines, these cash resources have since been available to make large scale purchases when suitable investment opportunities have presented themselves.

Investment activities during the year centred largely upon the acquisition of stocks in what have traditionally been called "cyclical" industries because their fortunes in the past have fluctuated sharply with business activity. Many of these industries have now shown signs of growing in a more stable way in addition to recording substantial profit improvements. Broadly included in the cyclical category would be heavy equipment producers (Clark Equipment and Caterpillar Tractor), textile producers (Burlington Industries and Dominion Textile), appliance manufacturers (Whirlpool Corporation) and automobile producers (Chrysler and Ford).

Sales of securities by the Funds had a less consistent pattern, and encompassed companies which appeared to be entering long-run declines or whose shares seemed to be valued at prices out of line with their prospects of growth. Not all of these moves accomplished their objectives but on balance we believe they were successful.

We anticipate that 1965 will continue to display a strong economic undertone but that investment markets, which appear to have run ahead of developments in the business world, will show less change on balance. After prolonged periods of virtually uninterrupted improvement in market values, wider fluctuations normally begin to occur, and the Funds are well situated to meet any such

eventuality. Unless unpredictable international factors drastically change the present outlook, we do not foresee major market declines as being likely. We would regard any more moderate intermediate fall in market values as a buying opportunity, both for the Funds and for their shareholders. It has traditionally been true that a programme of regular buying in weak or hesitant markets yields the investor greater long-term benefits than a policy of waiting until a market upswing is well under way, and we believe that by such periodic purchases we can accomplish our major objective of out-performing the market averages in the long run without subjecting the Funds' shareholders to unnecessary risks.

RELOCATION OF CAPITAL MANAGEMENT LIMITED

At the end of the year under review, operations of the Funds' investment manager, Capital Management Limited, were transferred from Vancouver to Montreal. This move was carried out to place the management staff in closer contact with the companies in which the Funds had an investment interest; to permit a pooling of the management talents of Capital Management Limited and its parent company, Power Corporation of Canada Limited, which increased its ownership to about 75% of the total during the year; and to produce a closer liaison between the management company and the distributing company, All-Canadian Group Distributors Limited.

All activities of the trustee, the Montreal Trust Company, continue to be performed in Vancouver; the trustee maintains transfer facilities at principal cities across Canada for the convenience of the Funds' shareholders.

INVESTOR PURCHASES OF THE FUNDS

Demand for new shares continued exceptionally strong in 1964, with net purchases providing additional assets of approximately \$12.4 million for All-Canadian Funds. The number of shareholders (including Systematic Security Plan Owners) increased by 7,495.

Continuing the trend of recent years, a large proportion of new shareholders are investing on a regular monthly basis. In this way their savings begin working for them immediately in a diversified portfolio of professionally-managed assets rather than being held idle until sufficient money has been accumulated to make even a single purchase in security markets. Perhaps more important, the investor takes advantage of "dollar-cost averaging" to reduce the average cost of his shares purchased—his regular monthly payments buy more shares when prices are low and fewer as prices move up.

EARNINGS, DIVIDENDS AND AMOUNTS RE-INVESTED

Income of the Funds is made up of dividends and interest earned on the stocks and short-term securities in the investment portfolio. Expenses of the Funds consist of the management fee (1/8% of assets at each quarter-end), trustee fees to cover services involved in safekeeping of securities and maintenance of records, audit and legal fees and the cost of reports to registered shareholders. All other costs are paid by the Manager.

To provide a better return for shareholders seeking income, and to stabilize the Dividend Fund's dividend rate, it is the present policy to distribute each year

in the form of dividends a portion of the realized capital appreciation of the Fund as well as the entire net investment income after expenses.

In 1964 four quarterly dividends were paid, totalling 26¢ per share of All-Canadian Dividend Fund. Of this amount, 17.19¢ came from net investment income and 8.81¢ from realized appreciation on the sale of securities. For tax purposes, the net investment income of the Funds is deemed to have been received directly by the shareholders in proportion to their ownership and is taxable in their hands whether they receive it in cash or reinvest it. The remaining portion of the dividend is not taxable. A statement of your taxable income in respect of 1964 will already have been mailed to you.

Although the All-Canadian Compound Fund invests solely in shares of the Dividend Fund, it does not pay the dividends it receives to its own shareholders but instead uses them to buy more shares of the Dividend Fund. Each share of the Compound Fund therefore represents a proportionate ownership in a growing number of Dividend Fund shares and its value is increased with each reinvestment of dividends. At the end of 1964, the Compound Fund held over 84% of the Dividend Fund shares outstanding compared with 77% a year earlier. This reflects the fact that an increasing number of All-Canadian shareholders have chosen to reinvest their earnings as part of a regular long range savings and capital accumulation programme based on equity participation in the growth of the North American economy.

Both dividends declared and amounts reinvested were at all-time highs in 1964. The following table gives the Funds' dividend and reinvestment record since the beginning of operations in 1954:

Year Ending	ALL-CANADIAN DIVIDEND FUND				ALL-CANADIAN COMPOUND FUND			
	Dividends Paid	Taxable	Non- Taxable	Dividend per Share Total	Income Re-invested	†Taxable	†Non- Taxable	†Re-invested per Share Total
December 31/54*	\$ 10,937	2.9¢	.3¢	3.25¢	\$ 3,737	1.45¢	.15¢	1.6 ¢
December 31/55	168,621	15.7	4.3	20	53,160	7.95	2.3	10.25
December 31/56	303,262	15.2	6.8	22	93,090	8.05	3.75	11.8
December 31/57	376,583	12.9	10.1	23	123,550	7.15	5.75	12.9
December 31/58	612,969	18.4	6.6	25	243,590	10.7	4.0	14.7
December 31/59	945,002	21.3	3.7	25	487,210	12.9	2.35	15.25
December 31/60	986,080	14.3	9.7	24	537,540	9.1	6.2	15.3
December 31/61	986,826	13.4	10.6	24	536,820	8.9	7.1	16.0
December 31/62	1,131,678	15.2	8.8	24	732,480	10.35	6.15	16.5
December 31/63	1,459,402	19.4	5.6	25	1,065,030	13.5	3.9	17.5
December 31/64	1,839,444	17.2	8.8	26	1,492,460	12.4	6.3	18.7
	\$8,820,804	\$1.659	75.3¢	\$2.412	\$5,368,667	\$1.024	47.9¢	\$1.505

*two month period.

†Indicated at Split Share Value

PORTFOLIO CHANGES DURING THE YEAR

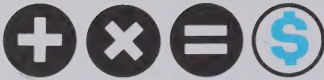
PURCHASES

Company	No. of Shares	Holding at Year End
Aluminium Ltd.	43,000	94,000
Bank of Western Canada	20,000	20,000
Burlington Industries Inc.	27,400	27,400
Caterpillar Tractor Company	18,000	36,000
Chrysler Corp.	30,000	31,200
Clark Equipment Company	22,500	22,500
Dominion Textile Co. Ltd.	19,500	91,500
Maritime Tel. & Tel. Co. Ltd.	3,000	20,000
Moore Corporation Ltd.	5,000	5,000
Placer Development Ltd.	26,815	53,630
Reynolds Metals Co.	14,000	63,000
St. Joseph Lead Co.	24,300	36,450
Steinberg's Ltd.	24,000	76,300
Texaco (Canada) Ltd.	2,650	10,200
Union Carbide Canada Ltd.	29,000	29,000
Whirlpool Corporation	25,000	25,000
Trans-Canada Pipe Lines Ltd.		
5% Convertible Debentures, 1989	2,000,000	1,500,000

SALES

Company	No. of Shares	Holding at Year End
B.C. Power Corp. Ltd.	25,000	—
Bristol Myers Co.	14,000	—
Canadian Breweries Ltd.	145,000	—
Chemcell (1963) Limited	34,200	70,000
Great Plains Development Co. Ltd.	20,400	—
Guaranty Trust of Canada	8,095	—
Imperial Oil Ltd.	10,000	16,400
I.A.C.	41,600	6,000
I.B.M.	15,000	—
International Utilities Corp.	50,000	—
Laurentide Financial Corp. Ltd.	22,450	—
Magnavox Co.	29,500	—
R. J. Reynolds Tobacco Co.	11,200	—
Rothmans of Pall Mall Ltd.	43,000	—
Standard Oil of California	15,000	—
Trans-Canada Pipe Lines Ltd.	14,681	—
Trans-Canada Pipe Lines 5½%/87	\$510,000	—
Trans-Canada Pipe Lines 5%/89	\$500,000	\$1,500,000
Geo. Weston Ltd.	87,000	—

ALL CANADIAN FUNDS



NUMBER OF SHARES	COMMON STOCKS	AVERAGE NET COST	MARKET VALUE	% OF ASSETS
AIRLINES				
50,000	Pan American Airways	1,143,229	1,543,750	2.3
		1,143,229	1,543,750	2.3
AUTOMOBILE				
31,200	Chrysler Corporation	1,628,778	2,055,300	3.1
38,000	Ford Motor Company	1,879,223	2,232,500	3.3
		3,508,001	4,287,800	6.4
CHEMICAL				
70,000	Chemcell (1963) Ltd.	479,500	1,268,700	1.9
29,000	Union Carbide Canada Ltd.	696,000	783,000	1.2
		1,175,500	2,051,700	3.1
FINANCIAL				
3,500	Banque Canadienne Nationale	282,600	258,125	0.4
11,400	Bank of Montreal	733,681	758,100	1.1
12,000	Bank of Nova Scotia	870,854	948,000	1.4
20,000	Bank of Western Canada	300,000	325,000	0.5
10,000	Royal Bank of Canada	751,932	790,000	1.2
6,000	Industrial Acceptance Corp.	126,296	155,250	0.2
		3,065,363	3,234,475	4.8
FOREST PRODUCTS				
90,000	B.C. Forest Products Ltd.	1,378,505	2,677,500	4.0
		1,378,505	2,677,500	4.0
MACHINERY & EQUIPMENT				
36,000	Caterpillar Tractor Co.	1,193,630	1,602,000	2.4
22,500	Clark Equipment	1,275,897	1,215,000	1.8
140,000	Massey-Ferguson Ltd.	1,465,998	3,815,000	5.7
25,000	Whirlpool Corp.	1,730,217	1,862,500	2.8
		5,665,742	8,494,500	12.7
MERCHANDISING				
76,300	Steinbergs Ltd. "A"	1,998,299	2,880,325	4.3
93,500	Woodward's "A"	1,346,789	2,337,500	3.5
		3,345,088	5,217,825	7.8

INVESTMENT PORTFOLIO *December 31, 1964*

NUMBER OF SHARES	COMMON STOCKS	AVERAGE NET COST	MARKET VALUE	% OF ASSETS
MINING & METALS				
94,000	Aluminium Ltd.	2,699,005	2,914,000	4.3
53,630	Placer Development Ltd.	893,746	1,273,712	1.9
63,000	Reynolds Metals	2,055,601	2,370,375	3.5
36,450	St. Joseph Lead	1,714,541	1,667,587	2.5
		<u>7,362,893</u>	<u>8,225,674</u>	<u>12.2</u>
MISCELLANEOUS				
5,000	Moore Corporation Ltd.	293,700	300,000	.4
34,000	Hiram Walker	990,478	1,219,750	1.8
		<u>1,284,178</u>	<u>1,519,750</u>	<u>2.2</u>
PETROLEUM & NATURAL GAS				
16,400	Imperial Oil Ltd.	714,672	949,150	1.4
10,200	Texaco (Canada) Ltd.	556,279	622,200	.9
		<u>1,270,951</u>	<u>1,571,350</u>	<u>2.3</u>
PRINTING & PUBLISHING				
29,400	Southam Press Ltd.	957,311	977,550	1.4
33,000	Sun Publishing Co. "A"	603,150	775,500	1.1
		<u>1,560,461</u>	<u>1,753,050</u>	<u>2.5</u>
STEEL				
31,300	Algoma Steel Corp.	1,417,747	2,151,875	3.2
113,200	Dominion Foundries & Steel	1,126,068	2,660,200	4.0
		<u>2,543,815</u>	<u>4,812,075</u>	<u>7.2</u>
TEXTILES				
27,400	Burlington Industries Inc.	1,687,796	1,767,300	2.6
91,500	Dominion Textile Co. Ltd.	1,941,397	3,088,125	4.6
		<u>3,629,193</u>	<u>4,855,425</u>	<u>7.2</u>
UTILITIES				
72,500	Calgary Power Ltd.	1,603,680	1,459,062	2.2
20,000	Maritime Tel. & Tel. Co. Ltd.	399,908	430,000	.6
\$1,500,000	Trans-Canada Pipe Lines 5% Convertible Debentures, 1989	1,758,750	1,800,000	2.7
		<u>3,762,338</u>	<u>3,689,062</u>	<u>5.5</u>
	Total Common Stocks	40,695,257	53,933,936	80.2
BUYING RESERVE				
	Short Term Securities	12,556,944	12,591,188	18.7
	Cash & Receivables	742,594	742,594	1.1
		<u>13,299,538</u>	<u>13,333,782</u>	<u>19.8</u>
		<u>53,994,795</u>	<u>67,267,718</u>	<u>100.0</u>

ALL-CANADIAN DIVIDEND FUND

STATEMENT OF INCOME AND EXPENDITURE

For the ten years and two months ended December 31, 1964

	Income from Investments	Proceeds from Sale of Rights	Operating Expenses	Net Income
1954 (2 months)	\$ 8,091	—	\$ 1,098	\$ 6,993
1955	133,153	—	17,510	115,643
1956	237,337	\$ 97,145	34,000	300,482
1957	245,691	5,980	42,000	209,671
1958	469,407	—	70,788	398,619
1959	909,570	11,200	119,649	801,121
1960	724,790	10,500	138,969	596,321
1961	760,500	—	146,375	614,125
1962	886,548	—	180,200	706,348
1963	1,121,823	68,970	271,767	919,026
1964	1,595,468	28,872	369,498	1,254,842

STATEMENT OF SURPLUS

For the Year Ended December 31, 1964

(with comparative figures for the year ended December 31, 1963)

	1964	1963
BALANCE AT 31st DECEMBER 1963	\$2,161,467	\$ 871,411
<i>Add:</i>		
Net income from investments	\$1,254,842	\$ 919,026
Gain on sale of investments	2,989,760	1,830,432
	<u>\$6,406,069</u>	<u>\$3,620,869</u>
<i>Less:</i>		
Dividends paid	1,839,444	1,459,402
BALANCE AT 31st DECEMBER 1964	<u><u>\$4,566,625</u></u>	<u><u>\$2,161,467</u></u>

ALL-CANADIAN DIVIDEND FUND

BALANCE SHEET

December 31, 1964

(with comparative figures for December 31, 1963)

ASSETS	1964	1963
Investments, at market value	\$66,525,124	\$44,738,589
(Average net cost, 1964—\$53,252,201)		
(Average net cost, 1963—\$37,618,195)		
Cash	597,666	200,475
Receivables	144,928	38,513
	<u>\$67,267,718</u>	<u>\$44,977,577</u>
 SHAREHOLDERS' INTEREST		
Shares Issued and Outstanding—See Notes 1 & 2	\$49,428,170	\$35,695,716
(1964—8,048,666,808)		
(1963—6,356,546,263)		
Surplus	4,566,625	2,161,467
Excess of market value over average net cost of investments	13,272,923	7,120,394
	<u>\$67,267,718</u>	<u>\$44,977,577</u>

NOTE 1—As at 31st December 1964, 10,900,184.450 shares had been issued, of which 2,851,517.642 shares had been redeemed.

NOTE 2—As at 31st December 1964, 84.2% of the outstanding shares were held by All-Canadian Compound Fund.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of All-Canadian Dividend Fund as at 31st December 1964 and the related statement of surplus for the year ended on that date together with the related statement of income and expenditure for the ten years and two months then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the fund, the above balance sheet and related statements of surplus and income and expenditure are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the fund as at 31st December 1964 and the results of its operations for the ten years and two months then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Vancouver, B.C.,
22nd January, 1965.

TOUCHE, ROSS, BAILEY & SMART,
Chartered Accountants.

ALL-CANADIAN COMPOUND FUND BALANCE SHEET

December 31, 1964

(with comparative figures for the year ended December 31, 1963)

ASSETS	1964	1963
Investments, at market value—See Note 1 (cost, 1964—\$44,838,527) (cost, 1963—\$29,469,637)	\$56,680,800	\$34,536,240
Cash	41,601	43,612
Receivables	865,016	663,050
	<u>\$57,587,417</u>	<u>\$35,242,902</u>
 SHAREHOLDERS' INTEREST		
Shares Issued and Outstanding—See Note 2 (1964—9,187,525.816) (1963—6,822,748.537)	\$40,376,477	\$26,300,092
Reinvested Income	5,368,667	3,876,207
Excess of market value over cost of investments	11,842,273	5,066,603
	<u>\$57,587,417</u>	<u>\$35,242,902</u>

NOTE 1—Investments consist entirely of 6,780,000 shares of All-Canadian Dividend Fund, representing 84.2% of the outstanding shares of that Fund as at 31st December 1964.

NOTE 2—As at 31st December 1964, 12,751,528.138 shares had been issued of which 3,564,002.322 shares had been redeemed.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Balance Sheet of All-Canadian Compound Fund as at 31st December 1964 and the related Statement of Reinvested Income for the ten years and two months then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the Fund, the above Balance Sheet and related Statement of Reinvested Income are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Fund as at 31st December 1964 and the results of its operations for the ten years and two months then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Vancouver, B.C.,
26th January, 1965.

TOUCHE, ROSS, BAILEY & SMART,
Chartered Accountants.

ALL-CANADIAN COMPOUND FUND

STATEMENT OF REINVESTED INCOME

For the Ten Years and Two Months Ended December 31, 1964

Year Ending December 31	Net Income Received and Reinvested	Total Reinvested Income
1954 (2 months)	\$ 3,737	\$ 3,737
1955	53,160	56,897
1956	93,090	149,987
1957	123,550	273,537
1958	243,590	517,127
1959	487,210	1,004,337
1960	537,540	1,541,877
1961	536,820	2,078,697
1962	732,480	2,811,177
1963	1,065,030	3,876,207
1964	1,492,460	5,368,667

NOTE—As the net income consists entirely of dividends paid by All-Canadian Dividend Fund, which has been charged with all operating expenses, no operating expenses are paid directly by All-Canadian Compound Fund.

